

## **INCOME CALCULATION - LUMP SUM**

- A. Lump sum income is unearned money received by the assistance unit on a nonrecurring basis. It is usually a retroactive payment from sources such as Social Security, an inheritance, lottery winnings, or a court settlement. Lump sum income is handled as follows:
1. Add the total lump sum income to the sum of all other earned and/or unearned income (excluding the TCA grant amount) for the month after allowable work expenses and other disregards have been applied
  2. Divide the result by an amount equal to the allowable payment for the size of the assistance unit
  3. Use the results of this division to determine the number of ineligible months. Use only the whole number to determine the number of ineligible months and drop any portion of a month that results from the division.
  4. Any amount that remains after the allowable payment is divided by number of ineligible months is counted as income in the first month after ineligibility ends. See examples for step by step directions.
- B. The local department can shorten the ineligibility period for the lump sum when circumstances beyond the assistance unit's control occur. Consider the following:
1. Verified theft of money
  2. Eviction or foreclosure
  3. A disaster such as fire, flood, tornado, hurricane, or civil disorder
  4. Verified theft or breakdown of an essential appliance
  5. Lack of heat, utilities, or insufficient supply
  6. Incurred and paid medical expenses
  7. Breakdown of essential household furnishings, equipment, or structure necessitating repair or replacement
- C. A lump sum amount that is less than the monthly benefit grant amount is counted as unearned income in the month following adverse action.

CHAPTER: IX <b>FINANCIAL ELIGIBILITY</b>	SECTION: 10 <b>INCOME - LUMP SUM</b>	COMAR: <b>07.03.03.14</b>
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D. Retroactive **Supplemental Security Income (SSI)** is:

1. Not treated as a lump sum payment
2. Not counted when determining the eligibility of the TCA assistance unit because:
  - A SSI person is never included in the TCA assistance unit

E. Disregard the entire amount of any combination of SSI and SSA payments that are received. They are treated as a total SSI payment and are not counted.

F. Do not apply the lump sum formula if the income was received prior to the application month. A lump sum received prior to the application is only looked at as a potential resource.

#### **EXAMPLES:**

Example 1. Mr. and Mrs. Fippit receive monthly TCA benefits of \$722 for themselves and 5 children. He was approved for Social Security disability benefits and received a \$3500 check covering past payments owed to him.

- \$3500 = Retroactive Social Security lump payment amount
- $\$3500 \div \$722$  (allowable TCA payment) = 4.85 ineligible months (drop the .85) The customer is ineligible for 4 months. With a balance that will be counted as unearned income in the 5<sup>th</sup> month.
- To determine the balance counted in the 5<sup>th</sup> month:  
Multiply \$722 (allowable TCA payment) x 4 = \$2888.  
Subtract this amount from \$3,500  
\$3,500 - \$2888 = \$612 counted as unearned income in month 5.

Since the case will close for 4 months, the household must reapply if they still need assistance. Count the \$612 as unearned income in the 5<sup>th</sup> month. Do not count the \$612 if they apply in any subsequent month.

Do not reopen the case before the 5<sup>th</sup> month unless you can shorten the ineligible period based on one of the reasons listed in B above.

Example 2. Mrs. Baynesville receives monthly TCA benefits of \$328 for herself and 1 child. She won \$2500 in the Maryland Lottery game.

- \$2500 = Gross lottery winnings amount

- $\$2500 \div \$328$  (allowable TCA payment) = 7 ineligible months
- $\$328$  (allowable TCA payment) x 7 = \$2296
- $\$2500 - \$2296 = \$204$  counted as unearned income in month 8.

Example 3. Mrs. Delphia receives monthly TCA benefits of \$328 for herself and nephew. She received \$1500 for settlement of a lawsuit. Her attorney charged her \$500 for his fees. She will pay him out of the \$1500 she received.

- \$1500 = Settlement amount
- - 500 = Attorney fees
- \$1000 = Net settlement amount
- $\$1000 \div \$328$  (allowable TCA payment)= 3 ineligible months
- $\$328$  (allowable TCA payment) x 3 = \$984
- $\$1000 - \$984 = \$16$  counted as unearned income in month 4.

Example 4. Mrs. Wockuss receives monthly TCA benefits of \$328 for herself and son. Her husband receives monthly SSI payments and is due to receive retroactive lump sum SSI in 3 installment payments over the next 3 or 4 months.

- The payments are not counted since Mr. Wockuss' lump sum payment is SSI.

**Note:** If you use a calculator to divide the allowable TCA amount into the total monthly Income, the resulting answer will contain a fraction. Remember to **drop** the fraction.